## *CONTENTS*







# 5 Data Reduction

## 5.1 Sufficient Statistics

**Definition 1. Jointly Sufficient Statistics** Let $\mathbf{X} = (X_1, \ldots, X_n)$ have joint pdf $f(\mathbf{x}, \boldsymbol{\theta})$, and let $S = (S_1, \ldots, S_k)$ be a $k-$dimensional statistic. Then $S_1, \ldots, S_k$ is a set of **jointly sufficient statistics** for $\boldsymbol{\theta}$ if for any other vector of statistics, $\mathbf{T}$, the conditional pdf of $\mathbf{T}$ given $\mathbf{S} = \mathbf{s}$, denoted by $f_{\mathbf{T}|\mathbf{S}}(t)$, does not depend on $\boldsymbol{\theta}$. In the one-dimensional case, we simply say that $S$ is a **sufficient statistic** for $\theta$.

**Example 1.**
Let $X_1, \ldots, X_n$ be a random sample from a Bernoulli distribution. Show that $S = \sum X_i$ is a sufficient statistic for $\theta$ by definition.





**Example 2.**
Consider a random sample from an exponential distribution, $X_i \sim EXP(\theta)$. Show that $S = \sum X_i$ is a sufficient statistic for $\theta$ by definition.

## 5.2 Factorization Theorem

**Theorem 1. Factorization Criterion**
If $X_1$, ..., $X_n$ have joint pdf $f(x_1, \ldots..., x_n; \theta)$, and if $S = (S_1, \ldots, S_k)$, then $S_1, \ldots, S_k$ are jointly sufficient for $\theta$ if and only if

$$f(x_1, \ldots, x_k; \boldsymbol{\theta}) = g(\mathbf{s}; \boldsymbol{\theta})h(x_1, \ldots, x_n)$$

where $g(\mathbf{s}; \boldsymbol{\theta})$ does not depend on $x_1, \ldots, , x_n$, except through $s$, and $h(x_1, \ldots, x_n)$ does not involve $\theta$.





**Example 3.**

Consider a random sample from a Gamma distribution, $X_i \sim Gamma(\alpha = 3, \theta)$. Show that $S = \sum X_i$ is a sufficient statistic for $\theta$ by factorization theorem.

**Definition 2.** If $A$ is a set, then the indicator function of $A$, denoted by $I_A$ is defined as

$$I_A = \begin{cases} 1, & \text{if } x \in A \\ 0, & \text{if } x \notin A \end{cases}$$

**Example 4.** Consider a random sample from a uniform distribution, $X_i \sim U(0, \theta)$, where $\theta$ is unknown. Find a sufficient statistic for $\theta$.





**Example 5.** Consider a random sample from a uniform distribution, $X_i \sim U(\theta, \theta + 1)$. Notice that the length of the interval is one unit, but the endpoints are assumed to be unknown. Show that $S_1 = X_{1:n}$ and $S_2 = X_{n:n}$ are jointly sufficient for $\theta$.

**Example 6.**

Consider a random sample from a normal distribution, $X_i \sim N(\mu, \sigma^2)$, where both $\mu$ and $\sigma^2$ are unknown. Show that $S_1 = \sum X_i$ and $S_2 = \sum X_i^2$ are jointly sufficient for $\boldsymbol{\theta} = (\mu, \sigma^2)$.





## 5.3 Rao-Blackwell

**Theorem 2. Rao-Blackwell** Let $X_1, \ldots, X_n$, have joint pdf $f(x_1, \ldots, x_n; \boldsymbol{\theta})$, and let $S = (S_1, \ldots, S_k)$ be a vector of jointly sufficient statistics for $\boldsymbol{\theta}$. If $T$ is any unbiased estimator of $\tau(\boldsymbol{\theta})$, and if $T^* = E(T|\mathbf{S})$, then

1. $T^*$ is an unbiased estimator of $\tau(\boldsymbol{\theta})$
2. $T^*$ is a function of $\mathbf{S}$, and
3. $V(T^*) \leq V(T)$ for every $\boldsymbol{\theta}$, and $V(T^*) < V(T)$ for some $\boldsymbol{\theta}$ unless $T^* = T$ with probability 1.

**Example 7.**

Let $X_1, X_2, \ldots, X_n$ be random sample of size $n$ from a Poisson distribution with unknown mean $\lambda$. Let

$$T = \begin{cases} 1, & X_1 = x \\ 0, & \text{otherwise} \end{cases}.$$

Find $E\left[T \middle| \sum_{i=1}^{n} X_i = s\right]$.





**Example 8.**

Let $X_1, X_2, \ldots, X_n$ be random sample of size $n$ from an Exponential distribution with unknown mean $\theta$. Find the UMVUE of $\gamma = 1 - e^{-t/\theta}$ using Rao-Blackwell theorem.

## 5.4 Completeness

**Definition 3. Completeness** A family of density functions $\{f_{\mathbf{T}}(t;\boldsymbol{\theta});\boldsymbol{\theta}\in\Omega)\}$ is called complete if $E[u(T)]=0$ for all $\boldsymbol{\theta}\in\Omega$ implies $u(T)=0$ with probability 1 for all $\boldsymbol{\theta}\in\Omega$ .

A sufficient statistic the density of which is a member of a complete family of density functions will be referred to as a **complete sufficient statistic**.





**Example 9.**

Let $X_1,\ldots,X_n$ denote a random sample from a Geometric distribution, $X_i\sim Geometric(p)$. Show that $S=\sum X_i$ is the complete sufficient statistic for $p$.

**Example 10.**

Let $X_1, \ldots, X_n$ be iid $N(\theta, a\theta^2)$, where $a$ is known constant and $\theta > 0$. Show that the family of distribution is not complete.





**Example 11.**

Consider a random sample of size $n$ from a uniform distribution $X \sim U(0, \theta)$. Show that $S = X_{n:n}$ is a complete sufficient statistic for $\theta$.

## 5.5 Exponential Class

**Definition 4. Exponential Class** A density function is said to be a member of the regular exponential class if it can be expressed in the form

$$f(\mathbf{x};\boldsymbol{\theta}) = c(\boldsymbol{\theta})h(\mathbf{x})e^{-\sum_{j=1}^{n} q_j(\boldsymbol{\theta})t_j(\mathbf{x})}, \mathbf{x} \in A$$

and zero otherwise, where $\boldsymbol{\theta} = (\theta_1, \ldots, \theta_k)$ is a vector of $k$ unknown parameters, if the parameter space has the form

$$\Omega = \{\boldsymbol{\theta} | a_i \le \theta_i \le b_i, i = 1, \ldots, k\}$$

(note that $a_i = -\infty$ and $b_i = \infty$ are permissible values), and if it satisfies regularity conditions 1, 2, and 3(a) or 3(b) given by:

1. The set $A = \{x : f(x;\boldsymbol{\theta}) > 0\}$ does not depend on $\boldsymbol{\theta}$.
2. The functions $q_j(\theta)$ are nontrivial, functionally independent, continuous functions of the $\theta$.

3.(a) For a continuous random variable, the derivatives $t_j(x)$ are linearly independent contin-





uous functions of $x$ over $A$.

(b) For a discrete random variable, the $t_j(x)$ are nontrivial functions of $x$ on $A$, and none is a linear function of the others.

For convenience, we will write that $f(x;\boldsymbol{\theta}))$ is a member of $REC(q_1, \ldots, q_k)$ or simply $REC$.

**Theorem 3.** $X_1, \ldots, X_n$, is a random sample from a member of the regular exponential class $REC(q_1, \ldots, q_k)$, then the statistics

$$S_1 = \sum_{i=1}^{n} t_1(X_i), \ldots, S_k = \sum_{i=1}^{n} t_k(X_i)$$

are a minimal set of complete sufficient statistics for $\theta_1, \ldots, \theta_k$.

**Example 12.**

Show that $X \sim Gamma(\alpha, \theta)$ belong to the regular exponential class, and use this information to find complete sufficient statistics based on a random sample $X_1, \ldots, X_n$.





## 5.6 Lehmann-Scheffe

**Theorem 4. Lehmann-Scheffe** Let $X_1, \ldots, X_n$ have joint pdf $f(x_1, \ldots, x_n; \boldsymbol{\theta})$, and let $S$ be a vector of jointly complete sufficient statistics for $\boldsymbol{\theta}$. If $T^* = t^*(\mathbf{S})$ is a statistic that is unbiased for $\tau(\boldsymbol{\theta})$ and a function of $S$, then $T^*$ is a UMVUE of $\tau(\boldsymbol{\theta})$.

**Example 13.**

Let $X_1, \ldots, X_n$ be a random sample from a Bernoulli distribution, $X_i \sim Bin(1,p)$; $0 < p < 1$. Find the UMVUE of $p^2$.





**Example 14.**

Let $X_1, \ldots, X_{30}$ be a random sample from a distribution with probability density function(p.d.f.)

$$f(x) = \frac{\theta^6}{\Gamma(6)} x^5 e^{-\theta x} I(0,\infty), \theta > 0.$$

(a) Show that the p.d.f. of $X$ belongs to the regular exponential family.

(b) Find a complete and sufficient statistic for $\theta$.

(c) Find the UMVUE for $V(X_1)$.

(d) Find the UMVUE for $\theta$.

## Example 15.

Let $X_1, X_2, \ldots, X_n$ be random sample of size $n$ from $f(x|\theta) = \binom{18}{x}\theta^x(1-\theta)^{18-x}, x = 0, 1, \ldots, 18$. Find the uniformly minimum variance unbiased estimator(UMVUE) of $g(\theta) = \binom{18}{2}\theta^2(1-\theta)^{16}$.





## Example 16.

Let $X_1, X_2, \ldots, X_n$ be a random sample from a distribution with pdf

$$f(x;\theta) = 4\theta x^{4\theta-1}.$$

Find the UMVUE of $\theta$,

## 5.7 Basu Theorem

**Theorem 5. Basu** Let $X_1, \ldots, X_n$, have joint pdf $f(x_1, \ldots, x_n X, ; \boldsymbol{\theta})$; $\boldsymbol{\theta} \in \Omega$. Suppose that $S = (S_1, \ldots, S_k)$ where $S_1, \ldots, S_k$ are jointly complete sufficient statistics for $\theta$, and suppose that $T$ is any other statistic. If the distribution of $T$ does not involve $\theta$, then $S$ and $T$ are stochastically independent. In this case, $T$ is call an ancillary statistic.





**Example 17.** Consider a random sample of size $n$ from a normal distribution $X \sim N(\mu, \sigma^2)$. Use Basu Theorem to show that $\bar{X}$ and $S^2$ are independent.

## Example 18.

Consider a random sample of size $n$ from a two-parameter exponential distribution, $X_i \sim EXP(1, \eta)$.

(a) Show that $T(X) = X_{1:n}$ is complete and sufficient for $\eta$.

(b) Find the UMVUE of $\eta$.

(c) Find the UMVUE of $\eta^2$.

(d) Use Basu's Theorem to show that $X_{1:n}$ and $S^2 = \frac{\sum(X_i - \bar{X})^2}{n-1}$ are independent.